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Consolidated Financial Statements for the Fiscal Year Ended March 31, 2024
<Under Japanese GAAP>

May 8, 2024

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

NAGASE & CO., LTD. Stock exchange listing: Tokyo (Prime Market)
Code number: 8012 URL (https://www.nagase.co.jp/english/)
Representative: Hiroyuki Ueshima, Representative Director and President
Contact: Kazuhiro Hanba, Executive Officer, General Manager, Corporate Management Department
TEL: +81-3-3665-3103
Annual general meeting of stockholders: June 21, 2024
Start of distribution of dividends (scheduled): June 24, 2024
Securities report filing (scheduled): June 24, 2024
Supplementary documents: Yes
Investors' meeting: Yes

(Note: Amounts have been rounded down to the nearest million yen.)

1. Consolidated Results for the Fiscal Year Ended March 31, 2024
(April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results (% = year-on-year change)

	Net sales		Gross profit		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FYE March 2024	900,149	-1.4	164,719	6.0	30,618	-8.2	30,591	-6.0	22,402	-5.2
FYE March 2023	912,896	17.0	155,410	11.4	33,371	-5.4	32,528	-10.9	23,625	-8.9

(Note) Comprehensive income FYE March 2024: ¥46,335 million (22.0%)
FYE March 2023: ¥37,994 million (32.8%)

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income/ total assets	Operating income/net sales
	Yen	Yen	%	%	%
FYE March 2024	194.96	–	5.9	3.9	3.4
FYE March 2023	199.54	–	6.6	4.3	3.7

(Reference)Equity in earnings of affiliates FYE March 2024: ¥568 million
FYE March 2023: ¥318 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FYE March 2024	792,336	401,315	49.7	3,463.84
FYE March 2023	762,688	378,388	48.2	3,139.26

(Reference) Equity capital FYE March 2024: ¥394,064 million
FYE March 2023: ¥367,675 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FYE March 2024	72,959	(11,627)	(48,046)	59,185
FYE March 2023	9,414	(8,031)	(17,247)	40,331

2. Dividends

	Annual Dividends per Share					Total dividends paid (full fiscal year)	Payout ratio (consolidated)	Dividends/ net assets (consolidated)
	1Q	2Q	3Q	Fiscal year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FYE March 2023	–	30.00	–	40.00	70.00	8,245	34.9	2.3
FYE March 2024	–	40.00	–	40.00	80.00	9,147	40.8	2.4
FYE March 2025 (forecast)	–	40.00	–	45.00	85.00		33.0	

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% = year-on-year change)

	Net sales		Gross profit		Operating income		Ordinary income		Profit attributable to owners of the parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	940,000	4.4	180,000	9.3	36,500	19.2	35,200	15.1	28,000	25.0	254.30

* Notes

(1) Changes in major subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): No
New: — (Company name:) Excluded: — (Company name:)

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
i. Changes in accordance with revisions to accounting and other standards: Yes
ii. Changes in items other than (i) above: Yes
iii. Changes in accounting estimates: No
iv. Restatement of prior period financial statements after error corrections: No

(4) Number of shares issued and outstanding (common stock)
i. Number of shares issued and outstanding as of the fiscal period end (including treasury stock)

March 31, 2024	117,908,285 shares	March 31, 2023	117,908,285 shares

ii. Number of treasury stock as of the fiscal period end

March 31, 2024	4,143,115 shares	March 31, 2023	786,718 shares

iii. Average number of shares during the period

March 31, 2024	114,911,971 shares	March 31, 2023	118,398,261 shares

*** These consolidated financial statements are not subject to audit by an independent audit corporation**

*** Cautionary Statement with Respect to Forecasts of Consolidated Business Results**

The earnings forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2023)	Current Consolidated Fiscal Year (March 31, 2024)
ASSETS		
Current assets		
Cash and time deposits	40,897	59,410
Notes and accounts receivable	302,105	321,126
Merchandise and finished goods	152,504	131,137
Work in process	2,446	2,594
Raw materials and supplies	14,770	14,259
Other	18,429	14,881
Less allowance for doubtful accounts	(1,021)	(940)
Total current assets	530,132	542,470
Non-current assets		
Property, plant and equipment		
Buildings and structures	64,095	63,432
Accumulated depreciation	(37,018)	(36,734)
Buildings and structures (net)	27,076	26,697
Machinery, equipment and vehicles	65,005	67,471
Accumulated depreciation	(47,686)	(50,883)
Machinery, equipment and vehicles (net)	17,318	16,588
Land	18,839	20,221
Other	42,415	50,107
Accumulated depreciation	(23,585)	(26,222)
Other (net)	18,829	23,884
Total property, plant and equipment	82,064	87,392
Intangible fixed assets		
Goodwill	29,004	27,884
Technology-based assets	4,337	2,761
Other	35,587	38,703
Total intangible fixed assets	68,928	69,349
Investments and other assets		
Investments in securities	69,743	76,225
Long-term loans receivable	17	326
Retirement benefit asset	2,645	6,217
Deferred tax assets	3,857	4,596
Other	5,475	5,935
Less allowance for doubtful accounts	(176)	(177)
Total investments and other assets	81,562	93,123
Total non-current assets	232,556	249,865
Total assets	762,688	792,336

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2023)	Current Consolidated Fiscal Year (March 31, 2024)
LIABILITIES		
Current liabilities		
Notes and accounts payable	140,438	156,352
Short-term loans	66,117	50,731
Current portion of long-term loans	1,056	6,946
Commercial paper	38,000	37,000
Current portion of bonds	-	10,000
Accrued income taxes	2,913	5,195
Accrued bonuses for employees	6,985	7,569
Accrued bonuses for directors	371	251
Other	30,321	28,628
Total current liabilities	286,203	302,675
Long-term liabilities		
Bonds	30,000	20,000
Long-term loans	32,697	27,533
Lease liabilities	9,763	12,492
Deferred tax liabilities	10,360	13,567
Retirement benefit liability	13,197	12,345
Provision for directors' stock benefit	65	60
Other	2,012	2,345
Total long-term liabilities	98,097	88,345
Total liabilities	384,300	391,021
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	10,636	9,348
Retained earnings	290,279	303,328
Less treasury stock, at cost	(1,550)	(9,543)
Total shareholders' equity	309,064	312,832
Accumulated other comprehensive income		
Net unrealized holding gain on securities	28,928	33,763
Deferred gain on hedges	(7)	119
Translation adjustments	30,414	44,846
Remeasurements of defined benefit plans	(726)	2,503
Total accumulated other comprehensive income	58,610	81,232
Non-controlling interests	10,713	7,250
Total net assets	378,388	401,315
Total liabilities and net assets	762,688	792,336

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	Prior Consolidated Fiscal Year (April 1, 2022 - March 31, 2023)	Current Consolidated Fiscal Year (April 1, 2023 - March 31, 2024)
Net sales	912,896	900,149
Cost of sales	757,486	735,430
Gross profit	155,410	164,719
Selling, general and administrative expenses		
Selling expenses	22,953	22,433
Employee salaries and allowances	38,839	43,704
Provision for accrued bonuses for employees	4,421	4,447
Provision for accrued bonuses for directors	396	270
Depreciation and amortization other than amortization of goodwill	7,554	9,231
Retirement benefit expenses	1,443	2,275
Allowance for doubtful accounts	333	282
Amortization of goodwill	2,545	2,627
Other	43,550	48,827
Total selling, general and administrative expenses	122,038	134,100
Operating income	33,371	30,618
Non-operating income		
Interest income	197	610
Dividend income	1,537	1,553
Rent income	243	248
Foreign exchange gains	12	635
Equity in earnings of affiliates	318	568
Other	656	705
Total non-operating income	2,967	4,321
Non-operating expenses		
Interest expenses	3,211	3,744
Other	598	604
Total non-operating expenses	3,810	4,348
Ordinary income	32,528	30,591
Extraordinary gains		
Gain on sales of non-current assets	144	83
Gain on sales of investment securities	6,587	5,591
Gain on sales of shares of subsidiaries and affiliates	52	-
Gain on sales of investments in capital of subsidiaries and affiliates	147	-
Gain on change in equity	449	-
Subsidy income	25	512
Other	-	46
Total extraordinary gains	7,406	6,234
Extraordinary losses		
Loss on sales of non-current assets	87	41
Loss on disposal of non-current assets	998	1,422
Loss on impairment of fixed assets	2,838	2,276
Loss on sales of investment securities	7	21
Loss on valuation of investment securities	2,120	135
Loss on sales of shares of subsidiaries and affiliates	466	-
Other	277	263
Total extraordinary losses	6,797	4,160
Income before income taxes	33,137	32,665
Income taxes - current	9,621	10,627
Income taxes - deferred	(694)	(815)
Total income taxes	8,927	9,812
Profit for the period	24,210	22,853
Profit attributable to non-controlling interests	584	450
Profit attributable to owners of the parent	23,625	22,402

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Prior Consolidated Fiscal Year (April 1, 2022 - March 31, 2023)	Current Consolidated Fiscal Year (April 1, 2023 - March 31, 2024)
Profit for the period	24,210	22,853
Other comprehensive income		
Net unrealized holding (loss) gain on securities	(2,794)	4,827
Deferred (loss) gain on hedges	(186)	126
Translation adjustments	16,852	14,738
Remeasurements of defined benefit plans	(564)	3,229
Share of other comprehensive income of affiliates accounted for by the equity method	477	560
Total other comprehensive income	13,784	23,482
Comprehensive income	37,994	46,335
Comprehensive income attributable to:		
Shareholders of the parent	36,838	45,024
Non-controlling interests	1,156	1,310

(3) Consolidated Statements of Changes in Shareholders' Equity

Prior Consolidated Fiscal Year (April 1, 2022 - March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity
Balance, beginning of period	9,699	10,639	280,015	(1,534)	298,820
Changes					
Cash dividends			(7,150)		(7,150)
Profit attributable to owners of the parent			23,625		23,625
Purchase of treasury stock				(5,662)	(5,662)
Cancellation of treasury stock			(5,645)	5,645	-
Equity transactions with non-controlling interests		(0)			(0)
Changes in scope of consolidation		(3)			(3)
Changes in scope of equity affiliates			(330)		(330)
Changes in fiscal year-end of consolidated subsidiaries			(234)		(234)
Changes other than shareholders' equity accounts (net)					
Total changes	-	(3)	10,264	(16)	10,244
Balance, end of period	9,699	10,636	290,279	(1,550)	309,064

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Deferred gain on hedges	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance, beginning of period	31,732	178	13,690	(161)	45,441	10,830	355,092
Changes							
Cash dividends							(7,150)
Profit attributable to owners of the parent							23,625
Purchase of treasury stock							(5,662)
Cancellation of treasury stock							-
Equity transactions with non-controlling interests							(0)
Changes in scope of consolidation							(3)
Changes in scope of equity affiliates							(330)
Changes in fiscal year-end of consolidated subsidiaries							(234)
Changes other than shareholders' equity accounts (net)	(2,804)	(186)	16,723	(564)	13,169	(117)	13,051
Total changes	(2,804)	(186)	16,723	(564)	13,169	(117)	23,295
Balance, end of period	28,928	(7)	30,414	(726)	58,610	10,713	378,388

Current Consolidated Fiscal Year (April 1, 2023 - March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity
Balance, beginning of period	9,699	10,636	290,279	(1,550)	309,064
Cumulative effects of changes in accounting policies			(72)		(72)
Restated balance	9,699	10,636	290,207	(1,550)	308,992
Changes					
Cash dividends			(9,281)		(9,281)
Profit attributable to owners of the parent			22,402		22,402
Purchase of treasury stock				(8,001)	(8,001)
Cancellation of treasury stock				7	7
Equity transactions with non-controlling interests		(1,287)			(1,287)
Changes other than shareholders' equity accounts (net)					
Total changes	-	(1,287)	13,121	(7,993)	3,840
Balance, end of period	9,699	9,348	303,328	(9,543)	312,832

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Deferred gain on hedges	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance, beginning of period	28,928	(7)	30,414	(726)	58,610	10,713	378,388
Cumulative effects of changes in accounting policies							(72)
Restated balance	28,928	(7)	30,414	(726)	58,610	10,713	378,315
Changes							
Cash dividends							(9,281)
Profit attributable to owners of the parent							22,402
Purchase of treasury stock							(8,001)
Cancellation of treasury stock							7
Equity transactions with non-controlling interests							(1,287)
Changes other than shareholders' equity accounts (net)	4,834	126	14,431	3,229	22,622	(3,462)	19,159
Total changes	4,834	126	14,431	3,229	22,622	(3,462)	22,999
Balance, end of period	33,763	119	44,846	2,503	81,232	7,250	401,315

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Prior Consolidated Fiscal Year (April 1, 2022 - March 31, 2023)	Current Consolidated Fiscal Year (April 1, 2023 - March 31, 2024)
Operating Activities		
Income before income taxes	33,137	32,665
Depreciation and amortization other than amortization of goodwill	12,377	13,998
Loss on impairment of fixed assets	2,838	2,276
Amortization of goodwill	2,545	2,627
Subsidy income	(25)	(512)
Share of gain of entities accounted for using equity method	(318)	(568)
Gain on change in equity	(449)	-
(Decrease) increase in retirement benefit liability	(609)	3,775
(Increase) decrease in retirement benefit asset	(55)	495
Interest and dividend income	(1,734)	(2,164)
Interest expenses	3,211	3,744
Exchange gain, net	(891)	(1,652)
Gain on sales of investment securities, investments in capital, shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates, net	(6,312)	(5,570)
Loss on valuation of investment securities, investments in capital, shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates, net	2,120	135
Increase in notes and accounts receivable	(5,171)	(7,373)
(Increase) decrease in inventories	(1,275)	31,626
(Decrease) increase in notes and accounts payable	(13,584)	8,844
Other	(1,462)	188
Subtotal	24,341	82,537
Interest and dividends received	2,418	2,589
Interest paid	(3,058)	(3,865)
Proceeds from subsidy income	-	512
Income taxes paid	(14,286)	(8,814)
Net cash provided by operating activities	9,414	72,959
Investing activities		
Purchases of property, plant and equipment	(12,029)	(14,019)
Proceeds from sales of property, plant and equipment	540	585
Purchases of intangible fixed assets included in other assets	(4,888)	(3,735)
Purchases of investments in securities	(437)	(623)
Proceeds from sales of investments in securities	7,474	7,154
Purchases of investments in capital	-	(205)
Proceeds from sales of investments in capital	178	-
Purchases of shares of subsidiaries resulting in change in scope of consolidation	-	(244)
Proceeds from sales of shares of subsidiaries resulting in change of scope of consolidation	2,040	-
Increase in short-term loans receivable included in other current assets, net	(623)	(316)
Decrease in time deposits, net	337	378
Proceeds from subsidy income	25	-
Other	(650)	(601)
Net cash used in investing activities	(8,031)	(11,627)

(Millions of yen)

	Prior Consolidated Fiscal Year (April 1, 2022 - March 31, 2023)	Current Consolidated Fiscal Year (April 1, 2023 - March 31, 2024)
Financing activities		
Decrease in short-term loans, net	(11,961)	(22,408)
Increase (decrease) in commercial paper, net	13,000	(1,000)
Proceeds from long-term loans	5,000	1,000
Repayments of long-term loans	(8,623)	(1,055)
Proceeds from issuance of bonds	10,000	-
Redemption of bonds	(10,000)	-
Purchase of treasury stock	(5,662)	(8,001)
Cash dividends paid	(7,150)	(9,281)
Cash dividends paid to non-controlling interests	(1,133)	(603)
Payments for purchases of shares of subsidiaries not resulting in change in scope of consolidation	-	(6,025)
Other	(716)	(670)
Net cash used in financing activities	(17,247)	(48,046)
Effects of exchange rate changes on cash and cash equivalents	3,064	5,569
Net (decrease) increase in cash and cash equivalents	(12,800)	18,854
Cash and cash equivalents at beginning of the year	53,336	40,331
Decrease in cash and cash equivalents resulting from changes in fiscal year-end of consolidated subsidiaries	(204)	-
Cash and cash equivalents, at end of the period	40,331	59,185